

# Exhibit 1

10-K 1 oa-1231201610xk.htm 10-K

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-10582

**ORBITAL ATK, INC.**

(Exact name of Registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>41-1672694</b> (I.R.S. Employer Identification No.)
--	--

<b>45101 Warp Drive</b> <b>Dulles, Virginia</b> (Address of principal executive offices)	<b>20166</b> (Zip Code)
---	----------------------------

Registrant's telephone number, including area code: **(703) 406-5000**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
(Do not check if a smaller reporting company)				

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 1, 2016, the aggregate market value of the registrant's voting common stock held by non-affiliates was approximately \$4.924 billion (based upon the closing price of the common stock on the New York Stock Exchange on July 1, 2016).

At April 21, 2017, there were 57,721,899 shares of the registrant's voting common stock outstanding.

---

Table of Contents

foreign military sales contracted through the U.S. Government and aircraft manufacturers. As the various U.S. Government customers, including the U.S. Navy, U.S. Army, NASA and the U.S. Air Force, make independent purchasing decisions, we do not generally regard the U.S. Government as one customer. Instead, we view each agency as a separate customer.

Sales by customer, as a percentage of total sales, were as follows:

	Percentage of Sales		
	Year Ended	Nine Months Ended	Year Ended
	December 31, 2016	December 31, 2015	March 31, 2015
<i>Sales to:</i>			
U.S. Army	17%	15%	26%
U.S. Navy	12	11	15
NASA	27	23	13
U.S. Air Force	4	4	7
Other U.S. Government customers	16	17	14
Total U.S. Government customers	76	70	75
Commercial and foreign customers	24	30	25
Total	100%	100%	100%

Sales to the U.S. Government and its prime contractors were as follows (*dollars in millions*):

Period	U.S. Government Sales	Percentage of Sales
Year ended December 31, 2016	\$ 3,368	76%
Nine months ended December 31, 2015	\$ 2,359	70%
Year ended March 31, 2015	\$ 2,332	75%

The Company's CRS contracts with NASA, which are reported within its Flight Systems Group and Space Systems Group, comprised 5% and 10% of total sales in the year ended December 31, 2016 and the 2015 transition period, respectively. The Company's small-caliber ammunition contract with the U.S. Army, which is reported within its Defense Systems Group, comprised 6%, 6% and 12% of total sales in calendar 2016, the 2015 transition period, and fiscal 2015, respectively. No other single contract accounted for more than 10% of the Company's sales in the year ended December 31, 2016, the 2015 transition period or fiscal 2015.

Other than the U.S. Government customers listed above, no single customer accounted for more than 10% of our sales in the year ended December 31, 2016.

International sales were as follows (*dollars in millions*):

	International Sales	Percentage of Sales
Year ended December 31, 2016	\$ 778	17%
Nine months ended December 31, 2015	\$ 766	23%
Year ended March 31, 2015	\$ 608	20%

Sales to foreign governments and other international customers may require approval by the U.S. Department of Defense ("DoD") and the U.S. State Department or the U.S. Commerce Department. Our products are sold to U.S. allies directly, as well as through the U.S. Government. During the year ended December 31, 2016, approximately 19% of these sales were in Flight Systems Group, 56% were in Defense Systems Group, and 25% were in Space Systems Group. No sales to an individual country outside the United States accounted for more than 4% of our sales in the year ended December 31, 2016.

[Table of Contents](#)

We also must comply with U.S. and foreign laws governing the export of munitions and other controlled products and commodities. These include regulations relating to import-export control, exchange controls, the Foreign Corrupt Practices Act and the anti-boycott provisions of the U.S. Export Administration Act.

***U.S. Government Contract Security Restrictions***

Certain programs with the U.S. Government are prohibited by the customer from being publicly discussed. The consolidated financial statements and financial information in this Annual Report on Form 10-K reflect the operating results of our entire company, including restricted programs, under accounting principles generally accepted in the United States of America (GAAP).

***Environmental***

Our operations are subject to a number of federal, state and local environmental laws and regulations, as well as applicable foreign laws and regulations that govern the discharge, treatment, storage, remediation and disposal of certain materials and wastes, and restoration of damages to the environment. Compliance with these laws and regulations is a responsibility we take seriously. We believe that forward-looking, proper and cost-effective management of air, land and water resources is vital to the long-term success of our business. Our environmental policy identifies key objectives for implementing this commitment throughout our operations. Additional information on the risks related to environmental matters can be found in Item 1A, "Risk Factors" of this report.

***Employees***

At December 31, 2016, we had approximately 12,700 employees. We have union-represented employees at five locations, comprising less than 20% of our total workforce.

***Executive Officers***

The following table sets forth certain information with respect to our executive officers at December 31, 2016:

<b>Name</b>	<b>Age</b>	<b>Title</b>
David W. Thompson	62	President and Chief Executive Officer
Blake E. Larson	57	Chief Operating Officer
Garrett E. Pierce	72	Chief Financial Officer
Antonio L. Elias	67	Executive Vice President and Chief Technical Officer
Frank L. Culbertson, Jr.	67	Executive Vice President and President, Space Systems Group
Michael A. Kahn	57	Executive Vice President and President, Defense Systems Group
Scott L. Lehr	56	Executive Vice President and President, Flight Systems Group
Thomas E. McCabe	62	Senior Vice President, General Counsel and Secretary
Christine A. Wolf	56	Senior Vice President, Human Resources

Each of the above individuals serves at the pleasure of the Board of Directors and is subject to reelection annually on the date of the Annual Meeting of Stockholders. No family relationship exists among any of the executive officers or among any of them and our directors. There are no outstanding loans from our company to any of these individuals. Information regarding the employment history (in each case with our Company unless otherwise indicated) of each of the executive officers is set forth below.

*David W. Thompson* has served in his present position since the Merger on February 9, 2015. Mr. Thompson has also been a director of our Company since the Merger. He co-founded Orbital and served as Chairman of the Board and Chief Executive Officer of Orbital from 1982 until the Merger. From 1982 until October 1999, he also served as President of Orbital, a role he resumed in mid-2011. Prior to founding Orbital, Mr. Thompson was employed by Hughes Electronics Corporation as special assistant to the President of its Missile Systems Group and by NASA at the Marshall Space Flight Center as a project manager and engineer, and also worked on the Space Shuttle's autopilot design at the Charles Stark Draper Laboratory. Mr. Thompson is an Honorary Fellow of the American Institute of Aeronautics and Astronautics, a Fellow of the American Astronautical Society and the Royal Aeronautical Society, and is a member of the U.S. National Academy of Engineering. He also serves as a member of the Board of Trustees of the California Institute of Technology.